



Small Business Innovation Research Government Contracting Perspective May 2004

GENERAL BENEFITS

SBIR Program/Contract

- Receive funding to pursue ideas and develop product.
- Gain experience in Government contracting.
- Gain exposure and establish credibility for:
 - Other investors.
 - Additional contracts or subcontracts.

SPECIAL BENEFITS

SBIR Program/Contract

- Phase 3 does not require further competition. Agency goes directly to the SBIR contractor.
 - Applies even if no Phase 2.
 - Applies even if no longer meets small business definition.
 - No limit on the number, duration, type, or dollar value and no limit on the time that may elapse between a Phase I or Phase II award and Phase III award or between a Phase III award and any subsequent Phase III award.

SPECIAL BENEFITS

SBIR Program/Contract

- SBIR Data Rights (DoD)
 - (i) Except for ..., the Government shall have SBIR data rights in all technical data or computer software generated under this contract during the period commencing with contract award and ending upon the date five years after completion of the project from which such data were generated.
 - (ii) The Government may not release or disclose SBIR data to any person, other than its support services contractors, except-
 - (A) As expressly permitted by the Contractor;
 - (B) For evaluation purposes; or
 - (C) A release, disclosure, or use that is necessary for emergency repair or overhaul of items operated by the Government.

Proposal Considerations

Eligibility Issues

- Must qualify as a small business for research or research and development purposes
 - at least 51 percent owned and controlled by one or more individuals who are citizens of, or permanent resident aliens in, the United States, except in the case of a joint venture, where each entity to the venture must be 51 percent owned and controlled by one or more individuals who are citizens of, or permanent resident aliens in, the United States;
 - Can not be owned by another company
- Size determined at the time of award - NOT at time of proposal submission

Proposal Considerations

Eligibility Issues

- A minimum of two-thirds of the *research and/or analytical work* in Phase I (half in Phase II) must be carried out by the proposing firm.
 - Work percentage is “usually measured by both direct and indirect costs”. Proposers planning to subcontract a significant fraction of their work should verify how it will be measured with their DoD contracting officer during contract negotiations.”
 - Occasional deviations when justified.
- For both Phase I and Phase II, all research or research and development work must be performed by the small business concern and its subcontractors in the United States.
 - Deviations only in rare or unique circumstances such as items not available or research necessarily must be performed outside the US.

Proposal Considerations

Eligibility Issues

- For both Phase I and II, the primary employment of the principal investigator must be with the small business firm at the time of the award and during the conduct of the proposed effort. Primary employment means that more than one-half of the principal investigator's time is spent with the small business. Primary employment with a small business concern precludes full-time employment at another organization.
 - Moonlighters are not eligible. Occasional deviations may be approved. Deviations may consider difficulty in transition from employee to startup company.
 - After award, PI's may change with contracting office approval.

Proposal Considerations

Eligibility Issues

- Essentially Equivalent Work
 - OK to propose same or similar work in multiple proposals or programs.
 - Not OK to accept more than one contract for same work.
 - Must disclose award to other proposals still under consideration.
- Phase II proposals only accepted if invited.

Proposal Considerations

Other Issues

- Program solicitation is complex document serving multiple agencies.
 - General sections applicable to all agencies under the solicitation, AND
 - Each agency has special instructions in it's Topic section.
- Proposal must respond to published topic.
- No unsolicited proposals.
- No classified proposals.
- No paper/mailed proposals. Must be submitted online at <http://www.dodsbir.net/submission>
- Links to external information to supplement the proposal will not be considered.

Proposal Considerations

Other Issues

- An agency must not issue an SBIR funding agreement that includes a provision for subcontracting any portion of that agreement back to the issuing agency, to any other Federal Government agency, or to other units of the Federal Government.
 - Must subcontract with other than Government entities,
 - OR
 - Agency must budget own funds to accomplish the work.
 - OR
 - Agency must get waiver from SBA.

Proposal Considerations

Other Issues

- Must identify any foreign nationals you expect to be involved on this project, country of origin and level of involvement.
 - Raises export control issues. Different laws and regulations apply.
 - Coordinate with contracting office.
- Proprietary Proposal Information
 - No protection if unmarked.
 - Use required markings - others grant no protection.
- Online Representations and Certifications submission may be implemented in near future.

Proposal Considerations

Army Specific Issues

- Phase 1 proposal may include an option for 4 month \$50K effort to help bridge gap if selected for Phase 2.
 - Must be proposed with Phase 1 proposal. Will not be accepted after.
 - Must include/negotiate an acceptable standalone option scope of work. “Do more Phase 1 effort.” or “Begin Phase II work.” is not acceptable

SBIR CONTRACTING APPROACH TACOM/ARMY

- Contracts. Not grants or cooperative agreements.
- Phase I and Option generally Firm Fixed Price
 - Typically three payments for basic Phase I, and
 - Two additional payments for Option if exercised.
 - Payments can be equal or tailored to fit cost profile.

SBIR CONTRACTING APPROACH TACOM/ARMY

- Phase II generally Cost Plus Fixed Fee
 - Scope of work based on completion, not time.
 - Performance based scope.
 - Requires adequate cost accounting system.
 - Coordinate with buying and admin offices and DCAA.
 - Consider CPA assistance.
 - Payments once or twice a month based on costs.
- Phase 3 contract type appropriate to maturity of item.

SBIR Resources

- DoD SBIR Net <http://www.dodsbir.net>
- DoD Main Page <http://www.acq.osd.mil/sadbu/sbir/>
- Army SBIR
<http://www.aro.army.mil/arrowash/rt/sbir/sbir.htm>
- TACOM SBIR
<http://contracting.tacom.army.mil/research/sbir/sbirwebs.html>
- Federal Acquisition Regulation (FAR)
<http://www.acqnet.gov/far/>
- DoD FAR Supplement
<http://www.acq.osd.mil/dpap/dfars/index.htm>
- DCAA Pamphlet “Information for Contractors”
<http://www.dcaa.mil/dcaap7641.90.pdf>
- Ed Young younge@tacom.army.mil 586-574-8093